

COMMISSION MEETING MINUTES
March 8, 2006

COMMISSION MEMBERS PRESENT:

Thomas Borne
Steven Campbell
Shane Hageman
Teresa Cotton Santos
Katherine Startin

COMMISSION MEMBERS ABSENT:

Andre Gammage
Mike Kennedy

Vice Chairman Borne called the meeting to order at 1:10 p.m. The meeting was held in the Indiana Government Center South, 402 W. Washington Street, Indianapolis, Indiana.

Vice Chairman Tom Borne announced that a quorum of the Commission members were in attendance. A motion was made and unanimously approved to accept the minutes of the Commission meeting of September 14, 2005.

Vice Chairman was pleased to welcome the new student member, Shane Hageman, recently appointed to serve on the commission from Purdue University-West Lafayette.

Chairman called on Dennis Obergfell to give his update.

Mr. Obergfell told members that it appeared that this year's College Goal Sunday (CGS) event was well attended and referred members to a CGS press release.

He talked about the agency's conversion to the State's new PeopleSoft Financial system and said it would not have happened without the outstanding work of both Nick Vesper and Bonnie Davis, the agency's Interim Controller. Mr. Obergfell commented that much of the work done to move to the new system and its importance is not apparent to the public but that making the transition was critical to the agency being able to pay its bills, including award payments to participating schools.

Mr. Obergfell asked Mr. Vesper to give a brief account of the PeopleSoft Financials conversion and its importance and the work it required of staff to make it happen.

Mr. Vesper stated that SSACI like a handful of other state agencies was informed in November that it must use the new PeopleSoft Financial system effective February 1, 2006. He also noted that the implementation date was later changed to March 1. He stated that one of the major complications is that the Auditor of State, who pays SSACI's bills, is not going to be on the system until late 2007. Mr. Vesper stated that this meant that SSACI had to track two accounting systems: the Auditor's current system and the new system and make sure they were in synch. He mentioned that the PeopleSoft Financial system is a comprehensive accounting system including accounts payable, budget management and control, and project management. He mentioned that SSACI already had a sophisticated system that automatically created electronic records for grant payments to colleges. He explained that a major challenge of the new system was creating an interface between GRADS, SSACI's in-house system for tracking student awards, and the new accounts payable system. He stated that in order to make the transition to the new system by March 1, SSACI worked with the colleges so they knew payments would be delayed for a few weeks as the system was brought on-line and made in balance with the Auditor's system. Mr. Vesper was confident that the transition to the new system in mid-year would be completed on-time and successfully but not without its problems. For example, he pointed out that training on the system was not very complete so that Ms. Davis in particular had to mostly learn the system on her own, which she was doing quite well.

Vice Chairman Borne asked Mr. Obergfell to update the Commission on SSACI Grant award eligibility criteria and options for future considerations. Mr. Obergfell told the Commission that both he and Mr. Vesper have had internal discussions (and do as a matter of practice) and have met with some members of the financial aid community and others on how SSACI could make the state grant award process easier for students and parents to understand but equitable insofar as how the aid is distributed. He said situations such as this year underscore the risks associated with tying state

need analysis to the federal methodology and said that it may be time for the state to reevaluate its dependence upon it. He said staff has also had conversations about how financial aid might better serve adults returning to school and the increasing use of distance learning and high school students taking college classes. He said staff was in no position to make any recommendations regarding these topics other than that they deserved serious study.

Mr. Obergfell then directed the commission to a resolution passed by the Ball State Student Government thanking SSACI for providing aid to needy BSU students. Mr. Obergfell wanted the record to show that the BSU students' motion was appreciated by and buoyed the spirits of staff. It helped confirm to staff that their work can make positive differences to Hoosier students and their families.

Vice Chairman Borne asked Nick Vesper to present the legislative update. Mr. Vesper reported on the Senate bills that were introduced in the current session of the Indiana General Assembly. He referred to the following bills: SB 332 (department of correction pension benefits), and SB 75 (military family relief fund).

Vice Chairman Borne then asked Mr. Obergfell to present an update on recent federal legislation.

Mr. Obergfell spoke about the recently-passed Deficit Reduction Act of 2005 that among other things, made changes to parts of the methodology used to determine a student's need. Mr. Obergfell referred to abstracts of provisions within the Act and said that the methodology changes would make predicting SSACI awards for the 2006-07 academic year much more difficult than in previous years due to the uncertainty that the changes would have on SSACI's applicant pool. He highlighted the fact that the automatic zero PC/EFC levels used to be tied to incomes of \$16,000 or less but that those levels were increased to \$20,000 or less. Too, he said there are other provisions that may very well increase overall student need that was otherwise not expected like provisions that will allow applicants who participated in a federal means-tested program to potentially qualify for increased state and federal aid. He said that some of the provisions which become effective on July 1, 2006, have nuances in them that need interpretation by the U.S. Department of Education, thus the degree to which these provisions will have insofar as lowering PC/EFCs is unknown. Mr. Obergfell noted that additional provisions will become effective with the 2007-08 academic year which will further decrease students' relative need thus increasing their potential for increased state and federal grant awards.

Marvin Smith from Purdue University said he recently returned from a meeting he attended in Washington, DC and relayed comments about possible implementation timetables that he heard discussed by U.S. Department of Education official Jeff Baker. A small discussion ensued regarding possible implementation scenarios of the new auto zero thresholds but Mr. Obergfell said that SSACI will likely have little choice but to calculate awards at the new levels since it appears the Department of Education will automatically generate and send new PC/EFC to states (and schools and students) preceding the date SSACI intends to compute awards. Mr. Obergfell noted that for a sizeable number of students, their post-deficit-reduction-act recalculated PC/EFCs that will be lower than what SSACI has on file since the data SSACI has was calculated Department of Education from FAFSAs filed prior to SSACI's deadline. Mr. Obergfell asked the commission that if it didn't object, then staff would issue estimated awards to schools as soon as possible so that they could send students estimated award notices. Mr. Obergfell cautioned however that while SSACI understands why schools want SSACI to issue estimated awards ASAP, that SSACI's estimates might change before awards were finally issued given the recent federal changes and a possible increase in the applicant pool. No opposition was expressed by any Commission member to Mr. Obergfell's request to allow staff to calculate and distribute estimated awards to schools.

Mr. Vesper explained that before the new eStudent, SSACI had two Internet-based applications that enabled users to check on the status of their FAFSA applications: eStudent was designed to be used by students, and eGRADS, which was for college and university staff. He mentioned that the applications were developed five and six years ago and though similar in format they differed in function. Mr. Vesper pointed out that students could change their college choice on-line but colleges didn't have the same functionality. Moreover, he explained, eStudent required the student to supply critical personal data at each login, a system considered secure at the time but not so today. The new system is the same for all users with students required to register with a secure password. Besides having a more modern look, he pointed out that the new eStudent is a flexible system that will make it easy to add data items as users request new information to be viewed. The old eStudent required substantial effort and time to add or change data items. He also pointed out that the new eStudent automatically displays that the student has FAFSA edits that must be fixed and makes it easy for the student to see all their awards in one place, including the functionality to reprint award notices at will.

The Vice Chairman asked Casey Graves to report on the high school counselor workshops. Mrs. Graves said the Financial Aid Guidance Counselor Workshops is often referred to as the flagship program for the nationally acclaimed College Goal Sunday sponsored by the National Association of Student Financial Aid Administrators (NASFAA). She stated the free high school guidance counselor workshops project was developed in 1965 as a collaborative grass roots

early awareness program between the Indiana Student Financial Aid Association (ISFAA) and the State Student Assistance Commission of Indiana (SSACI) to reduce the financial barriers for those wishing to attend post-secondary education. Mrs. Graves reported the annual workshops utilized over fifty (50) financial aid professional volunteers who provide training and instructional tools to Indiana guidance counselors on financial aid for post-secondary education at ten sites throughout the state of Indiana.

Mrs. Graves stated that in the fall of 2005, 668 high school guidance counselors attended the workshops this year; (attached breakdown is given for each site) this is an 8% increase over 2004, with financial aid professionals volunteering over 650 hours. Mrs. Graves stated that cuts to SSACI's and ISFAA's budget may hinder the hosting of future workshops on the scale to which all have become accustomed and thus staff is investigating possible outside monetary support. Ms. Graves assured the Commission that in the meantime, SSACI and ISFAA remain committed to the extensive volunteer portion of the project.

Mr. Vesper explained that the Commission was faced with major uncertainties as it looked at setting the award levels for 2006-07. As mentioned by Mr. Obergfell, the federal government was raising the income limits for a family to automatically get a parental contribution of zero dollars and adding new criteria for this Auto Zero adjustment: participation in various means-tested programs for low-income families. He stated that this change in methodology would add new students to the award pool and increase the size of the awards. He presented a table that showed that depending on the number of the students impacted and means-tested program, SSACI's costs could increase from a few million dollars up to \$18 million, the latter being a very unlikely number. He estimated that the costs increase was most likely to be in the \$2 million to \$3 million range, an increase SSACI could handle from its reserves. Mr. Vesper further noted that because of changes in federal methodology for 2005-06 that increased the parental contribution and because of fewer students than expected applying for aid, SSACI had considerably lower costs in 2005-06 than expected. He stated that this meant it was possible that SSACI could get the maximum awards back on track and bring them closer to the limits set in legislation. To that end, he recommended that the public college cap be set at \$6,756 and the private college cap at \$10,272 which would make the caps 95% of where they would be had awards not been frozen in 2003-04. He pointed out that only a handful of public colleges had tuition that exceed the cap so that only students at those colleges would see a substantial increase in the maximum award. He mentioned that these are the students who had fallen behind the most as the public college as students' awards increased very little from 2002-03 levels. Finally he mentioned that even with the increased caps and the added students with full-need, SSACI was confident it had the reserves to fund the awards in 2006-07 due to generous funding from the General Assembly and the savings from 2005-06.

Vice Chairman Borne called on Allison Knox, Director of Enrollment Center, to present the Twenty-first Century Scholars program report. Mrs. Knox stated as of 11:30 a.m. on March 8, 2006 9,505 eighth graders and 3,333 seventh graders enrolled in the Twenty-first Century Scholars program. She reported Twenty-first Century Scholars had received affirmations from 4,710 students and the deadline to affirm is March 10, 2006. Mrs. Knox stated that counselors are currently reporting grade point averages for senior students and the deadline to report GPAs is March 24, 2006.

Allison Knox stated that the 2006 GEAR UP Summer Scholarship applications (can be found on SSACI's website) were made available last week to financial aid contacts and to students. She said the scholarship will be available to incoming college freshman and to students who just completed their freshman year of college.

Vice Chairman Borne asked Yvonne Heflin to report on the work of the Special Programs Division. Ms. Heflin gave the following report:

Robert Byrd Scholarship Program

2005-06 Allocation	\$877,500.00	# of Scholars Awarded	468
Minus Disbursements	<u>701,750.00</u>		
Remaining Balance	\$175,750.00	Approximately 19 schools have not submitted spring claims	

Paul Douglas Teacher Scholarship Program

2005-06 Collection	\$29,488.30
2005-06 Write-offs	18
2005-06 Repayment Status	7
2005-06 Completed	28
2005-06 Teaching	42
2005-06 Not Teaching	14

State Work-Study Program

2005-06 Allocated	\$802,000.00
Minus Disbursements	<u>627,306.64</u>
Remaining Balance	\$192,693.36

The remaining balance will be disbursed to pay over allotment claims. This will help us to zero out the Work-Study program for the 2005-06 fiscal year.

Nursing Scholarship Fund Program

2005-06 Award Allotment	\$401,100.00
Minus Disbursements	<u>205,138.03</u>
Remaining Balance	\$195,961.97**

**Not all spring award claims have been submitted.

Minority Teacher & Special Education Services Scholarship

2205-06 Award Allotment	\$520,250.00
Minus Disbursements	<u>238,436.00</u>
Remaining Balance	\$281,814.00**

**Not all spring award claims have been submitted.

Yvonne Heflin spoke about the January 26, 2006 letter sent to the Attorney General's office regarding civil rights issues and is awaiting a response.

Ms. Heflin stated she has received 301 applications for the Robert Byrd Scholarship program and the deadline is April 26, 2006.

Hans Giesecke, President of Independent Colleges of Indiana, Inc. asked if the Commission could comment on recent newspaper reports of a lawsuit filed by the ACLU against the Commission regarding the eligibility of Twenty-first Century Scholar students with undocumented parents. Mr. Obergfell said that on the advice of counsel (the Attorney General's Office) that he was not at liberty to comment on the matter.

With no further business, a motion was made to adjourn the meeting. The motion was seconded and carried unanimously.

State Student Assistance Commission of Indiana

By Thomas K. Borne
Thomas K. Borne, Vice Chairman

By Katherine Startin
Katherine Startin, Secretary